

Tourism Australia

Agency resources and planned performance

TOURISM AUSTRALIA

Section 1: Agency overview and resources	101
1.1 Strategic Direction Statement.....	101
1.2 Agency Resource Statement.....	104
1.3 Budget Measures.....	104
Section 2: Outcomes and planned performance	105
2.1 Outcomes and performance information	105
Section 3: Explanatory tables and budgeted financial statements	117
3.1 Explanatory tables	117
3.2 Budgeted Financial Statements.....	118

TOURISM AUSTRALIA

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

Tourism Australia was established on 1 July 2004 and is responsible for the international and domestic promotion of Australia as a travel destination.

The main functions of Tourism Australia under the *Tourism Australia Act 2004* are to:

- Increase the awareness of potential international travellers of Australia as a destination;
- Increase the awareness of potential domestic travellers of Australia as a place to travel;
- Increase the knowledge of potential travellers, both international and domestic, of Australia;
- Increase the desire of potential travellers, both international and domestic, to travel throughout Australia;
- Conduct research into, and analysis, of international travel;
- Communicate effectively with the Australian tourism industry on issues that may affect it; and
- Increase awareness throughout Australia of the contribution of tourism to Australia's economy, society and environment.

In 2010-11 Tourism Australia's key contributions to the Australian community will be to increase demand for Australia as a leisure tourism and business events destination; to strengthen the travel distribution system; and to contribute to industry development through targeted stakeholder engagement and the provision of research and strategic insights. These objectives will be realised through the delivery of five marketing sub-programs in 23 key markets around the world. They are:

- Leisure and Consumer Marketing;
- Business Events Australia;
- Industry Development (including Trade Events, Trade Development);

Tourism Australia Budget Statements

- Insights and Research; and
- Stakeholder Engagement.

In 2010-11 Tourism Australia anticipates a mixed environment for inbound and domestic tourism as markets move to recovery from the Global Financial Crisis. Whilst the worst of the world recession appears to be over, the residual overhang of losses in wealth, cautious lending and potentially fragile consumer sentiment will continue to constrain recovery. While the Australian tourism industry coped well through the difficult economic environment of 2009/10, both international and domestic visitor numbers were down and to minimise losses the industry adopted price discounting strategies.

In response to this environment, Tourism Australia will continue to focus on generating a greater volume of leisure and business events visitors to Australia, whilst growing the dispersal and economic contribution of these visitors. A key driver in this activity will be the new global brand campaign – ‘There’s nothing like Australia’ – which aims to ensure that potential visitors view Australia as a place where they can have an incredible holiday.

In December 2009, the National Long-Term Tourism Strategy was launched by the Minister for Tourism. The strategy reaffirms Tourism Australia’s role in the demand side of tourism marketing and provides a foundation for driving greater alignment and linkages between supply and demand for the Australian tourism industry. Although Tourism Australia’s remit will be slightly expanded and strengthened in all areas of industry development and online distribution, its ultimate outcome remains to increase demand while working closely with state tourism and other organisations focussed on supply issues.

To drive focus and effective allocation of resources, Tourism Australia will continue to employ a dedicated market categorisation approach to: (i) maximise leisure arrivals from large markets; (ii) maximise growth potential from medium to small markets; (iii) maximise dispersal and tourism inbound economic value; and (iv) develop markets for future growth.

Within this approach, Tourism Australia will continue to target the global market of ‘Experience Seekers’ and in particular ‘First Time Experience Seekers’, while tailoring global marketing strategies to deliver more immediate results in terms of visitor numbers. To help build Australia’s appeal and drive growth in visitor numbers during 2010-11, Tourism Australia will focus on segments in the ‘Experience Seeker’ target market, including demographic and travel type segments.

With continuing focus on promoting volume, dispersal and the economic value of our visitors, Tourism Australia will continue tactical marketing activities with the ability to make an impact on leisure and business travellers in an increasingly competitive marketplace. A cornerstone of this approach is ensuring maximum state and territory government and private sector investment through partnership initiatives. Digital will remain a key channel, enabling Tourism Australia to drive messages and information

across markets and segments. Social networking, public relations and word of mouth also remain important channels.

The Business Events sector was significantly impacted by the Global Financial Crisis, with the association meetings sector holding up more strongly than the corporate meetings and incentives sector in 2009-10. This experience has resulted in a refining of Tourism Australia's approach in the business events sector in 2010-11 which will involve a targeted approach in the associations sector and rationalisation of activity in the corporate meeting and incentive sectors. In short, Tourism Australia's focus in 2010-11 has shifted to greater emphasis on the associations sector compared with 2009-10.

As Australia represents less than one per cent of total world travel, it is essential that the profile of Australian tourism is increased and that the capabilities of those who sell and distribute Australian product is maximised. Tourism Australia will continue to build the capability of travel agents to ensure they are knowledgeable and confident sellers of Australia and Australian experiences; and that trade events and trade missions are managed to provide an opportunity for Australian tourism product sellers to showcase their products and connect with international buyers.

Tourism Australia will assist the development of a sustainable tourism industry through stakeholder engagement and provision of research and insights to assist strategic decision-making in a challenging and constantly changing market environment. This includes consumer behaviour research; specialised consumer and marketing performance and research insights; analysis of industry and aviation conditions; and, monitoring and evaluation of Tourism Australia strategies and programs against defined key performance indicators.

Tourism Australia will continue to incorporate activities that develop and promote Indigenous tourism experiences through Tourism Australia's broader programs, to result in a higher profile for Australian Indigenous culture and ways to experience it, as well as greater representation for Indigenous tourism businesses and product in domestic and international markets.

1.2 AGENCY RESOURCES STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Tourism Australia Resource Statement — Budget Estimates for 2010-11 as at Budget May 2010

Source	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Opening balance/Reserves at bank	-	13,181	13,181	12,321
REVENUE FROM GOVERNMENT				
Ordinary annual services¹				
Outcome 1 - Increase demand for Australia as a destination, strengthen the travel distribution system and contribute to the development of a sustainable tourism industry through consumer marketing, trade development and research activities.	-	122,920	122,920	141,622
Total ordinary annual services	-	122,920	122,920	141,622
Total annual appropriations	-	122,920	122,920	141,622
Total funds from Government	-	122,920	122,920	141,622
FUNDS FROM OTHER SOURCES				
Interest	-	1,000	1,000	1,506
Other	-	18,204	18,204	18,008
Total	-	19,204	19,204	19,514
Total net resourcing for Tourism Australia	-	155,305	155,305	173,457

¹ Appropriation Bill (No.1) 2010-11

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Tourism Australia does not have any new budget measures in 2010-11.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of Tourism Australia in achieving Government outcomes.

Outcome 1: Increase demand for Australia as a destination, strengthen the travel distribution system and contribute to the development of a sustainable tourism industry through consumer marketing, trade development and research activities.

Outcome 1 Strategy

A number of key strategies will be used by Tourism Australia across three main programs and five subprogram areas to increase demand for Australia as a destination, strengthen the travel distribution system and contribute to the development of a sustainable tourism industry for Australia.

1.1 Industry Development

The National Long-Term Tourism Strategy describes a broadened role for Tourism Australia in industry development. Tourism Australia will participate in working groups established to implement the strategy. While Tourism Australia has existing industry development activity that aligns with the strategy, there are also new areas of activity which have been incorporated into Tourism Australia's strategy for 2010-11. An outline of new and existing activity that will be implemented in 2010-11 follows:

New areas

- Building product quality through accreditation – leading the marketing of the National Tourism Accreditation Framework through its launch phase planned for July 2010, and then for ongoing implementation
- Distribution of quality Australian products – participating in the National Long-Term Tourism Strategy Working Group to determine how best to get Australia's tourism products online, and how to build industry capability around digital marketing and distribution.

1. 1 Industry Development (continued)

Existing areas

- Indigenous Tourism Development – continuing to promote and improve demand for Indigenous tourism experiences;
- Australia's National Landscapes – promoting the best of Australia's National Landscapes through a collaborative program with Parks Australia;
- Insights and Research – providing Tourism Australia, government and industry stakeholders with strategic insights and research relevant to their needs to drive industry sustainability and strategy development; and
- Stakeholder Engagement – building awareness, understanding and alignment around Tourism Australia strategies across government and industry through a formalised and cohesive approach.

1.2 Strengthening the travel distribution system

Tourism Australia will target the distributors and sellers of Australian tourism product in Australia and overseas to increase their knowledge and capability in selling Australia, facilitate the growth of business between Australian tourism product and the distribution network, as well as motivate and inspire consumers through quality content. This will be achieved through:

- Trade Development – building the capability of the travel industry to confidently sell Australia, including training of travel agents through the Aussie Specialist Program; account management of distributors; providing Australian destination and product content to the distribution system and making direct connections with travel agents through familiarisation visits and trade events; and
- Trade Events – managing and participating in a range of trade events in Australia and overseas that promote Australia as a destination for leisure and business events travel.

1.3 Increasing demand for Australia as a destination

Tourism Australia will build Australia's reputation and profile as an exciting and desirable leisure and business events destination to drive demand and growth in visitor numbers, through:

- Leisure Consumer Marketing – inspiring 'First Time Experience Seekers' to come to Australia; and
- Business Events Australia – leveraging the business events sector's capacity to deliver high yielding visitors who also return as repeat visitors.

1.3 Increasing demand for Australia as a destination (continued)

Tourism Australia's target audiences for leisure tourism in 2010-11 are the 'First Time Experience Seekers' in the following markets where Tourism Australia undertakes leisure consumer marketing activity:

- Large markets: USA, Japan, United Kingdom, China;
- Medium and small markets: Korea, India, Indonesia, Malaysia, Hong Kong, Taiwan, Canada, France;
- Dispersal and Tourism Inbound Economic Value markets: Italy, Germany, Netherlands, Ireland, Switzerland; and
- Markets for future growth: Vietnam and Latin America (Brazil and Argentina) .

Tourism Australia will also continue to target 'Repeat Experience Seeker' visitors in New Zealand and Singapore, as well as within Australia.

To build demand and drive visitation during 2010-11, Tourism Australia will target sub-segments of the 'Experience Seeker' audience, including youth and family demographic groups; and Working Holiday Visa and honeymoon travel categories.

In the business events market, Tourism Australia will target corporate and incentive buyers in the corporate meetings, incentives and association meetings sector. Business Events Australia will rationalise its activity in the corporate meeting and incentive markets, while increasing its emphasis in the association market.

Outcome Expense and Resource Statement

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted Expenses and Resources for Outcome 1

Outcome 1: Increase demand for Australia as a destination, strengthen the travel distribution system and contribute to the development of a sustainable tourism industry through consumer marketing, trade development and research activities.	2009-10	2010-11
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Industry Development		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	12,746	11,063
Revenues from industry sources	1,951	1,920
Total for Program 1.1	14,697	12,983
Program 1.2: Strengthen the travel distribution system		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	15,578	13,521
Revenues from industry sources	2,147	2,113
Total for Program 1.2	17,725	15,634
Program 1.3: Increase demand for Australia		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	113,298	98,336
Revenues from industry sources	15,416	15,171
Total for Program 1.3	128,714	113,507
Outcome 1 Totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	141,622	122,920
Revenues from industry sources	19,514	19,204
Total expenses for Outcome 1	161,136	142,124
	2009-10	2010-11
Average Staffing Level (number)	208	205

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Program 1.1: Industry Development

Program 1.1 Objective

Tourism Australia will support initiatives as outlined in the National Long-Term Tourism Strategy, promote Indigenous tourism development and Australia's national landscapes, ensure that key stakeholders are informed and equipped with strategic insights to make effective decisions to achieve sustainable growth and that stakeholders are aware of, understand and align with Tourism Australia strategies. Understanding key developments, trends and behaviours of potential travellers, visitor behaviour and the industry and aviation sectors is critical for the competitiveness and sustainability of Australian tourism. Tourism Australia will provide a formalised and cohesive approach to engaging stakeholders across government and industry.

Program 1.1 Expenses

The program expenses relating to Industry development are expected to remain fairly consistent over the forward years.

Program 1.1 Expenses

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
('000)					
Program support	14,697	12,983	14,429	14,580	14,756
Total program expenses	14,697	12,983	14,429	14,580	14,756

Program 1.1 Deliverables

Insights and Research

Undertake tourism research and disseminate insights

- Research and insights which inform and improve strategy development and decision-making across Tourism Australia, government and industry
- Consumer behaviour research
- Specialised consumer and marketing performance research and insights
- Analysis of industry and aviation conditions

Program 1.1 Deliverables (continued)

- Monitoring and evaluation of Tourism Australia strategies and programs against defined KPIs
- Delivery of an annual Outlook Conference

Stakeholder Engagement

Participation in National Long-Term Tourism Strategy Working Groups

- Investment and Regulatory Reform Working Group
- Destination Management Planning Working Group
- Tourism Access Working Group – incorporating the National Tourism and Aviation Advisory Committee
- Industry Resilience Working Group
- Quality Assurance and Accreditation Working Group – incorporating the Tourism Quality Council of Australia
- Indigenous Tourism Working Group
- Digital Distribution Working Group
- Research Working Group – incorporating the Research and Development Advisory Board

Building product quality through accreditation

- Marketing of the launch of the National Tourism Accreditation Framework
- Ongoing marketing of the National Tourism Accreditation Framework

Promote Indigenous Tourism Development

- Indigenous Tourism Champions Program (in conjunction with Indigenous Business Australia), promoting the top indigenous tourism product in Australia
- A trade and consumer focussed Indigenous tourism website
- Promotion of indigenous experiences through Tourism Australia's consumer marketing activities

Program 1.1 Deliverables (continued)

Promote Australia's National Landscapes

- A destination marketing framework which focuses on Australia's national landscapes
- Promoting national landscapes through Tourism Australia's consumer marketing activities

Engage Stakeholders

- Stakeholder engagement framework to clarify stakeholder groups, membership and roles and responsibilities
- Dedicated communications plan to deliver awareness and understanding of Tourism Australia strategies
- Tracking and monitoring of stakeholder engagement

Program 1.1 Key Performance Indicators

Key Performance Indicators	2009-10 Revised budget	2010-11 Budget target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Insights and Research					
% of stakeholders indicating that Tourism Australia helps their business. ¹	75% rate TA functions as excellent, very good or good value to their business	Maintain or slight increase	Maintain or slight increase	Maintain or slight increase	Maintain or slight increase
Stakeholder Engagement					
% of stakeholders indicating that Tourism Australia helps their business. ¹	75% rate TA functions as excellent, very good or good value to their business	Maintain or slight increase	Maintain or slight increase	Maintain or slight increase	Maintain or slight increase

1. A new measure of stakeholder engagement is being developed.

Program 1.2: Strengthening the travel distribution system

Program 1.2 Objective

Tourism Australia will work with industry to develop and present products which meet changing consumer needs, engage, educate and strengthen the travel distribution system to ensure products are available to potential travellers and provide platforms for Australian tourism operators to do business with the international travel distribution system. Tourism Australia will work to ensure that travel agents are knowledgeable and confident sellers of Australia and Australian experiences; that trade events and trade missions are coordinated and managed to showcase Australian tourism sellers and products and directly engage international buyers; and, endeavour to increase the penetration of Australian tourism experiences within the distribution system.

Program 1.2 Expenses

The program expenses relating to strengthening the travel distribution system are expected to remain fairly consistent over the forward years.

Program 1.2 Expenses

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
('000)					
Program support	17,725	15,634	17,339	17,524	17,738
Total program expenses	17,725	15,634	17,339	17,524	17,738

Program 1.2 Deliverables

Trade Events

- Recruit, assess and accept applications for buyers, sellers and media for trade events
- Coordinate and deliver trade events for Australian tourism businesses to showcase their products and do business with the global distribution network
- Manage Australia's premier trade event – the Australian Tourism Exchange (ATE) – and profile the Tourism Australia corporate brand and that of industry partners

Trade Development

- Recruitment and training of travel agents through the 'Aussie Specialist Program'

Program 1.2 Deliverables (continued)

- Deliver product information for Aussie Specialist Program through coordination with state and territory tourism organisations
- Coordination and delivery of specific events to provide additional training and development for retail travel agents
- Opportunities for Australian tourism operators to be involved in Tourism Australia programs and promotions
- Development and distribution of marketing collateral and content for industry partners

Program 1.2 Key Performance Indicators

Key Performance Indicators	2009-10 Revised budget	2010-11 Budget target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Trade Events					
% of stakeholders indicating that TA helps their business. ¹	75% rate TA functions as excellent, very good or good value to their business.	Maintain or slight increase	Maintain or slight increase	Maintain or slight increase	Maintain or slight increase
Trade Development					
Number of qualified Agents in the Aussie Specialist Program (ASP)	13,000	14,400	15,800	17,200	18,600

1. A new measure of stakeholder engagement is being developed.

Program 1.3: Increase demand for Australia as a destination

Program 1.3 Objective

Tourism Australia will deliver consumer marketing and business events campaigns and activities which inspire consumers in target markets to travel to Australia, overcoming rational barriers to travel (time, distance, cost) and directing travellers to information about Australian products and experiences and to a purchase mechanism such as a travel agent or airline. During 2010 Tourism Australia launched a new brand campaign 'There's Nothing Like Australia' which will provide the foundation for all consumer marketing activities. Tourism Australia's focus during 2010-11 will be to continue to generate a volume of visitors to support industry as they recover from the global economic downturn while continuing to promote Tourism Australia's objectives for yield and dispersal. To focus activities and resources, a dedicated market categorisation approach will be adopted. Tourism Australia will bring balance to its marketing of business events activities by increasing its focus on Association meeting planners while rationalising activity in the corporate meeting and incentives sectors. Business Events activity will be concentrated in short-haul markets such as New Zealand and Asia while maintaining its market activity in the United Kingdom, Europe, Japan and the United States.

Program 1.3 Expenses

The program expenses relating to increasing demand for Australia gradually increases over the forward years in line with the agency appropriation changes as a result of indexation.

Program 1.3 Expenses

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
('000)					
Program support	128,714	113,507	125,858	127,204	128,763
Total program expenses	128,714	113,507	125,858	127,204	128,763

Program 1.3 Deliverables

Leisure Consumer Marketing

- Launch and implementation of the new brand campaign – 'There's nothing like Australia'
- Cooperative campaigns and activities with industry partners to leverage marketing opportunities which align with the destination Australia brand

Program 1.3 Deliverables (continued)

- Integrated and compelling marketing to stimulate target markets, including brand advertising and promotions, digital programs, public relations, International Media Hosting Program, media content development, cooperative promotions, consumer events and advocacy programs
- Continued development of the Australia.com consumer website
- Search engine marketing to lift Australia.com ranking
- Australian story-telling content and applications, including social media
- Development and management of other Tourism Australia sites, including international media relations, Business Events Australia and domestic

Business Events Australia

- Business-to-business marketing activity to promote Australia as a business events destination, including trade events, buyer and agent familiarisation visits, direct marketing and public relations campaigns, advocacy, marketing toolkit and stakeholder relations.
- Build on consistent Business Events Australia brand messages including Australia's credentials for social responsibility (CSR)

Program 1.3 Key Performance Indicators

Key Performance Indicators	2009-10 Revised budget	2010-11 Budget target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Leisure Consumer Marketing ¹ Experience Seeker Arrivals					
Number of total and first time international 'Experience Seeker' arrivals from TA key markets	Total: 2,380,100	2,450,900	2,516,800	2,582,700	2,648,600
	First Time: 854,800	854,800	854,800	854,800	854,800
Intention Pool					
International: Number of travellers intending to visit Australia in the next 12 months (from 5 key markets)	10,777,300	10,992,800	11,208,300	11,423,900	11,639,500
Domestic: Number of travellers intending to travel within Australia in the next twelve months.	12,594,000	12,845,800	13,102,800	13,364,800	13,632,100

1. Range of time periods used across measures based on timing of data availability.

Tourism Australia Budget Statements

Program 1.3 Key Performance Indicators (continued)

Key Performance Indicators	2009-10 Revised budget	2010-11 Budget target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Share of Competitor Set					
International % share of travellers intending to visit Australia compared with competitor destinations	21.00%	21.00%	21.00%	21.00%	21.00%
Domestic % share of travellers intending to travel within Australia compared with competitor destinations	87.70%	87.70%	87.70%	87.70%	87.70%
Brand Message					
International: Sum of percentage of 'Experience Seeker' association of Australia with selected brand messages (from 5 key markets) ²	1,150	1,162	1,175	1,187	1,200
Domestic: Sum of percentage of association of Australia with selected brand messages ²	247	247	247	247	247
Australia.com					
Monthly unique visitors during year to TA websites; engaged visitors (spend more than 5 minutes on TA websites); visitors referred to TA partner website	13.5 m visitors; 1.43m engaged; 5.2m referred	16m visitors; 1.76m engaged; 6.4m referred	19m visitors; 2.09m engaged; 7.6m referred	22m visitors; 2.42m engaged; 8.8m referred	25m visitors; 2.75m engaged; 10.0m referred
Business Events Australia					
% corporate and incentive buyers likely to consider Australia as destination	Under development				

2. Selected message subject to review.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2010-11 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

This statement is not applicable because Tourism Australia has no administered funding.

3.1.2 Special Accounts

This statement is not applicable because Tourism Australia has no special accounts.

3.1.3 Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Tourism Australia						
Outcome 1							
Departmental 2010-11	600	-	-	600	-	600	
Departmental 2009-10	600	-	-	600	-	600	
Total outcome 2010-11	600	-	-	600	-	600	
Total outcome 2009-10	600	-	-	600	-	600	
Total AGIE 2010-11	600	-	-	600	-	600	
Total AGIE 2009-10	600	-	-	600	-	600	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

Tourism Australia has no significant differences between the resource information presented in the Budget Papers and in the Portfolio Budget Statements as a result of differences between whole of government level financial reporting (under Australian Accounting Standard 1049) and entity level financial reporting.

3.2.2 Analysis of budgeted financial statements

Departmental – Income Statement

The total operating revenue for 2010-11 is estimated at \$142.124 million and is made up of government appropriations of \$122.920 million and revenue from other sources of \$19.204 million. The total revenue decreases by \$19.012 million from the 2009-10 estimated actual of \$161.136 million.

The change includes:

- \$9.000 million appropriation has been brought forward to 2009-10 from 2010-11 as part of tourism stimulus package;
- Revenue from other sources decreases marginally from \$19.514 million to \$19.204 million primarily relating to interest income; and
- Impact of wage cost index applied to appropriations.

Total expenses are estimated to be \$142.124 million, a decrease of \$19.012 million from the 2009-10 estimated actual of \$161.136 million. The decrease reflects:

- \$9.000 million appropriation has been brought forward to 2009-10 from 2010-11 as part of tourism stimulus package;
- Increase in depreciation and amortisation costs of \$1.485 million relating to full year capitalisation of major intangible assets; and
- Full year impact of transfer of Tourism Research Australia to the Department of Resources, Energy and Tourism affecting employee and supplier expenditures.

Departmental – Balance Sheet

- Tourism Australia is budgeting a net asset position of \$20.779 million which is an increase of \$13.181 million from 2009-10. The increase is primarily due to cash received from supplementary funding associated with prior period foreign exchange losses. The supplementary funding has been recognised in equity as capital injection.

Departmental – Balance Sheet (continued)

- Net assets are projected to remain the same beyond 2010-11.
- Total assets position for 2010-11 of \$40.259 million represents an increase of \$13.586 million from the 2009-10 projected actual of \$26.673 million. The increase is primarily due to cash received from supplementary funding associated with prior period foreign exchange losses.

3.2.3 Budgeted financial statements tables

**Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	28,158	25,464	26,184	27,105	27,913
Supplier expenses	123,118	105,277	120,208	120,969	122,110
Depreciation and amortisation	3,243	4,728	4,500	4,500	4,500
Finance costs	32	29	33	33	33
Other	6,585	6,626	6,701	6,701	6,701
Total expenses	161,136	142,124	157,626	159,308	161,257
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	421	424	429	429	429
Interest	1,506	1,000	1,000	1,000	1,000
Other	17,587	17,780	22,812	22,812	22,812
Total revenue	19,514	19,204	24,241	24,241	24,241
Total own-source income	19,514	19,204	24,241	24,241	24,241
Net cost of (contribution by) services	(141,622)	(122,920)	(133,385)	(135,067)	(137,016)
Revenue from Government	141,622	122,920	133,385	135,067	137,016
Surplus (Deficit)	-	-	-	-	-
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.3 Budgeted financial statements tables (continued)

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	10,919	25,602	25,961	26,494	27,427
Trade and other receivables	5,006	5,039	5,090	5,090	5,090
Other	545	549	555	555	555
Total financial assets	16,470	31,190	31,606	32,139	33,072
Non-financial assets					
Land and buildings	1,128	754	854	954	954
Property, plant and equipment	376	231	180	200	200
Intangibles	7,198	6,589	6,540	6,020	5,120
Other	1,501	1,495	1,504	1,504	1,504
Total non-financial assets	10,203	9,069	9,078	8,678	7,778
Total assets	26,673	40,259	40,684	40,817	40,850
LIABILITIES					
Payables					
Suppliers	12,075	12,517	12,770	12,903	12,903
Other	1,173	1,170	1,175	1,175	1,175
Total payables	13,248	13,687	13,945	14,078	14,078
Provisions					
Employee provisions	4,878	4,815	4,950	4,950	4,950
Other	949	978	1,010	1,010	1,043
Total provisions	5,827	5,793	5,960	5,960	5,993
Total liabilities	19,075	19,480	19,905	20,038	20,071
Net assets	7,598	20,779	20,779	20,779	20,779
EQUITY*					
Parent entity interest					
Contributed equity	827	14,008	14,008	14,008	14,008
Reserves	1,545	1,545	1,545	1,545	1,545
Retained surplus (accumulated deficit)	5,226	5,226	5,226	5,226	5,226
Total parent entity interest	7,598	20,779	20,779	20,779	20,779
Total equity	7,598	20,779	20,779	20,779	20,779

* 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

3.2.3 Budgeted financial statements tables (continued)

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	5,226	1,545	-	14,008	20,779
Adjusted opening balance	5,226	1,545	-	14,008	20,779
Surplus (deficit) for the period	-	-	-	-	-
Estimated closing balance as at 30 June 2011	5,226	1,545	-	14,008	20,779

Prepared on Australian Accounting Standards basis.

3.2.3 Budgeted financial statements tables (continued)

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	17,958	18,127	23,189	23,241	19,362
Appropriations	141,622	136,101	133,385	135,067	137,016
Interest	1,506	1,000	1,000	1,000	1,000
Other	5,270	5,270	5,270	5,270	5,270
Total cash received	166,356	160,498	162,844	164,578	162,648
Cash used					
Employees	28,218	25,807	26,337	27,402	27,913
Suppliers	131,611	107,390	126,410	127,273	123,501
Other	9,029	9,018	5,238	5,270	6,701
Total cash used	168,858	142,215	157,985	159,945	158,115
Net cash from (used by) operating activities	(2,502)	18,283	4,859	4,633	4,533
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	5,100	3,600	4,500	4,100	3,600
Total cash used	5,100	3,600	4,500	4,100	3,600
Net cash from (used by) investing activities	(5,100)	(3,600)	(4,500)	(4,100)	(3,600)
Net increase (decrease) in cash held	(7,602)	14,683	359	533	933
Cash and cash equivalents at the beginning of the reporting period	12,321	10,919	25,602	25,961	26,494
Effect of exchange rate movements on cash and cash equivalents at the beginning of reporting period	6,200	-	-	-	-
Cash and cash equivalents at the end of the reporting period	10,919	25,602	25,961	26,494	27,427

Prepared on Australian Accounting Standards basis.

3.2.3 Budgeted financial statements tables (continued)

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Equity injections - Bill 2	-	13,181	-	-	-
Total capital appropriations	-	13,181	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ²	5,100	3,600	4,500	4,100	3,600
TOTAL	5,100	3,600	4,500	4,100	3,600
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,100	3,600	4,500	4,100	3,600
Total cash used to acquire assets	5,100	3,600	4,500	4,100	3,600

1. Includes the following sources of funding:
- s31 relevant agency receipts.

Prepared on Australian Accounting Standards basis.

3.2.3 Budgeted financial statements tables (continued)

Table 3.2.6: Statement of Asset Movements (2010-11)

	Buildings	Other property, plant and equipment	Intangibles	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010					
Gross book value	1,966	601	3,610	5,768	11,945
Accumulated depreciation/amortisation and impairment	(838)	(225)	(254)	(1,926)	(3,243)
Opening net book balance	1,128	376	3,356	3,842	8,702
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase or internally developed	500	100	3,000	-	3,600
Total additions	500	100	3,000	-	3,600
Other movements					
Depreciation/amortisation expense	(874)	(245)	(1,254)	(2,355)	(4,728)
As at 30 June 2011					
Gross book value	2,466	701	6,610	5,768	15,545
Accumulated depreciation/amortisation and impairment	(1,712)	(470)	(1,508)	(4,281)	(7,971)
Closing net book balance	754	231	5,102	1,487	7,574

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

The financial statements have been prepared in accordance with:

- Finance Minister's Orders;
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Board; and
- Consensus Views of the Urgent Issues Group.

Assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured.

Revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The Analysis of Budgeted Financial Statements provides an overview of the key elements of Tourism Australia's financial statements, including variations in major aggregates from actual of 2009-10 to budget estimate of 2010-11.